



Government of Zimbabwe

TOWARDS AN UPPER-MIDDLE INCOME ECONOMY BY 2030

"New Dispensation Core Values"

19 April 2018

Washington DC



Zimbabwe: Some Key Facts

Location	Southern Africa, at the heart of the North-South Corridor, making Zimbabwe's railways, roads, power and telecommunications network a regional logistics hub.
Total Area	390 757 sq. km
Land	386 670 sq. km
Water	4 087 sq. km
Border Countries	Botswana to the West; Mozambique to the East, South Africa to the South, Namibia to the South West, and Zambia to the North.
Capital City	Harare
Climate	Tropical, with temperatures averaging 12 – 13 Deg. C. over April – July and 21 – 38 Deg. C, over August to October. The rainy season is during October - March.
Population	Census of 2012 indicated 13.1 million. Average Annual Population Growth Rate of 2.3%.
Literacy	Literacy levels of 94.7%.
Financial Inclusion	Overall financial inclusion estimated at above 58% for adults.
Major Economic Sectors	Agriculture; 11%, Mining, 9%, Manufacturing 8%, Tourism, 12% and Services, 16% of GDP.
Inflation	Annual rate of below 3%.
Enabling Infrastructure	<ul style="list-style-type: none"> • Road network of 88 133km, • Rail network of 3 109km; • Widespread internal and external air links. There are 3 International airports and 18 other smaller airports servicing domestic and regional flights. • Modern ICT systems, with current Mobile Penetration rate of 100.5%, Internet Penetration rate of above 50%.

	<ul style="list-style-type: none"> • Installed power generation capacity of over 2 300 MW, with potential to develop over 2 000MW additional power. • Diverse internal power grid and a link to the external grid – the Southern African Power Pool.
Preferential Market Access	Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA); and Africa Caribbean and Pacific Nations (ACP), as well as membership of the World Trade Organization.

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NEW DISPENSATION

1. This Policy Document seeks to share with the international community at large, as well as domestic stakeholders, our key reform initiatives and commitments, under the New Dispensation, on rebuilding and transforming Zimbabwe to become an Upper-Middle Income Economy by 2030.
2. The Document further outlines an update of the “Lima Agenda”, giving milestones and progress attained so far, as well as our next steps towards a new Zimbabwe.¹
3. The New Political Dispensation follows more than 18 years of economic isolation and erosion of investor confidence, which has seen Zimbabwe losing phenomenal ground in terms of development.
4. The formation of the New Government therefore, provides an opportunity for reconstruction and transformation of the economy to one which is capable of creating maximum opportunities for people to live a full and dignified life, taking advantage of the immense and diverse domestic resource endowments, tapping into investment prospects from international markets.
5. The transformation process will require fixing of broken relations and rebuilding bridges with cooperating partners both at home and abroad.
6. It also entails restoring and establishing essential principles and systems, which enhance our democracy and development agenda.
7. Such robust and progressive principles and systems guide the current Administration and constitute a solid base for future generations, without a repeat of slippages as witnessed during the last two decades.

¹ See Annex 1: Matrix of Policy Reform

A separate Executive Summary to this Statement is also attached

8. As a people, we are aware of our errors and omissions, which have contributed to past leadership failures that retarded development.
9. Therefore, we say "let *'Bygones be Bygones'* and, accordingly, the New Dispensation commits to our departure from living in the past and focus on the future, also taking on-board valuable lessons from the history.
10. As we look forward, the new leadership commits itself to fully play its role and cooperate with the international community for a prosperous and peaceful Zimbabwe, which is also embraced by the Community of Nations.

Strategy Thrust

11. The new Government is cognisant of the huge resource requirements for re-building the economy and has prioritised investment, a key ingredient for powering the economy.
12. This is anchored on a fiscal policy framework that allows for realisation of Budget savings, supportive of re-orienting expenditures away from consumption towards development.
13. The expenditure rationalisation measures announced in the 2018 National Budget mark the onset of the fiscal rationalisation reforms under the new Dispensation.
14. Government, however, recognises that the private sector remains the engine of sustainable future growth.
15. In this regard, to facilitate domestic private sector investment, the new Government is speeding up the ongoing *Ease of Doing Business Reform*.

16. Domestic investment, both public and private, also benefits from foreign investment inflows, central to access to capital, technology and markets.
17. Hence, priority is being accorded to engaging the international community at large for investment and technology transfer under the dictum – *Zimbabwe is Now Open for Business*.
18. In this regard, the recent review of Zimbabwe's indigenisation legislation allows for increased foreign investor participation in the domestic economy.
19. The new Government is also conscious that the magnitude of the required resources for economic reconstruction will require augmenting domestic efforts with catalytic bilateral and multilateral financial injections. Hence, Zimbabwe's quest for final resolution to its external payment arrears.
20. This would pave way for review of Zimbabwe's external indebtedness of over \$11 billion, all with the objective of attaining debt sustainability.
21. Government is also evaluating obligations to former farmers, affected by the land reform programme, with a view to finalising their compensation.

Compensation of Former Farm Owners

22. The new Dispensation has taken the decision to finalise, by September 2018, compensation to all former farmers affected by the Land Reform Programme, in accordance with the country's Constitution.
23. Cognisant of the reality that a large number of farmers are still to be compensated, given the limited annual budget capacity, Government continues to engage bilateral partners over assistance to mobilise the requisite resources in order to finalise up the compensation process.

Unlawful Settlements

24. Government commits itself to enforcing discipline on farms to enhance productivity.
25. This includes respect for 99-Year Leases as legal Government documents.
26. Stern measures are being instituted against illegal settlements and, already there is a programme to address issues of illegal settlements and those with multiple farms.

Arrears Clearance and Debt Restructuring

27. Under the new political dispensation, the complexity of the country's debt challenges require greater collaboration and cooperation with the international community, through normalising relations for an amicable solution.
28. The re-engagement drive launched by the New Dispensation has seen spirited missions of Presidential Special Envoys engaging several key countries for removal of sanctions and normalisation of economic and political relations.
29. Zimbabwe's new Dispensation is appealing to all its cooperating partners that the implementation of the Lima Debt and Arrears Clearance Strategy, endorsed by International Financial Institutions and Development Partners, be pursued with urgency.
30. Having settled the International Monetary Fund debt of \$107.9 million, implementation of the second part of the Lima Strategy involves the settlement

of the outstanding World Bank debt of US\$1.4 billion, African Development Bank, \$678.6 million, and the European Investment Bank, US\$308.4 million.

31. Government is also engaging other creditors, namely those under the Paris Club (US\$3.2 billion) and Non-Paris Club (US\$1.3 billion) for a debt resolution that is pragmatic and sustainable. This will require the goodwill of all Parties.
32. It is also important that the Programme for Clearance of Arrears be synchronised with implementation of urgent fiscal consolidation and structural economic reforms that the New Dispensation has embarked upon to include enhancing investor confidence, State-Owned Enterprises reform, and improvement of the ease of doing business.
33. All these efforts are already underway, and critical for creating sustainable capacity for the economy to benefit from future new financing.

DEMOCRATISATION AND GOVERNANCE

34. Good governance based on *Rule of Law, Human Rights and Freedoms, Accountability, Transparency, Responsiveness, Equity and Inclusivity, Efficiency and Full Participation* of the people in socio-economic development, is the bed-rock for a new democratic and developmental Zimbabwe.
35. These values are already enshrined in our Constitution and the new Government commits to live by them, never overstepping its mandate.
36. In re-affirming this commitment, Government has aligned about 163 Laws, out of 206 Statutes, with the provisions of the Constitution and work on the remaining 43 is progressing.

Servant Leadership

37. The new Government undertakes to be a listening Administration as demonstrated by the various "*Meet the People Meetings*" which extended across the country embracing various interest groups.
38. An "*Open Door Policy*", has also been adopted, taking advantage of communication channels with the public, now able to interact with the President through various social media platforms.
39. The spirit of working with all stakeholders, inclusive of *Opposition Political Parties, Churches, Students, Traditional Leaders, Academia, Business Fraternity*, among others, allows cross-pollination of views and building of *Trust, Tolerance* and *Common Understanding* that informs policy interventions.

Respect for Human Rights

40. The new Administration commits itself to uphold the *Rule of Law, Promote Peace, Harmony, Safety, Security and Stability* for the citizenry.
41. The law enforcement agencies are back at work, focussing on their rightful mandates, and far reaching reforms are being implemented across law enforcement services with a view to instilling professionalism and eliminating corruption.
42. Numerous and unnecessary roadblocks and other extortionist corrupt revenue raising practices have been eliminated, and a re-orientation training programme for the police is underway, emphasising on upholding mandated policing functions.
43. Similarly, the capacity of *Independent Judiciary and Competent Courts* is being enhanced to deal with any injustices and violations of the law.

44. In support of this thrust, Government will continue to work with *Civil Society and International Organisations*, and also maintain open channels for dialogue with *Opposition Parties* to ensure that *Human Rights* concerns are adequately and timely addressed.

National Unity, Peace and Reconciliation

45. National cohesion is a necessary condition for a peaceful and developing new Zimbabwe. This entails moving away from the past omissions to build a new future, now that "*Operation Restore Legacy*" has been concluded.
46. The new Administration is "*preaching*" peaceful co-existence of various segments of the society, including people of diverse political views.
47. The National Peace and Reconciliation Act to promote unity in the country and healing wounds of the past is now in place, that way fostering peace, reconciliation and harmony.
48. The respective Commission has been established, and Government is resourcing it for effective carrying out of its mandate.

Tolerance, Freedom of Speech and Association

49. In moving away from the past, the new Government already pronounced commitment to promote *Tolerance and Freedom of Speech and Association*.
50. In demonstration of this gesture, His Excellency, the President has extended a hand of mutual cooperation to *Opposition Parties*, that way setting the necessary tone for tolerance and co-existence among people of diverse opinion.

51. Furthermore, Government is amending other contentious laws such as the Public Order and Security Act (POSA), the Citizens Act, Access to Information and Protection of Privacy Act (AIPPA), as part of aligning the laws to the Constitution.
52. This is just the beginning towards building an environment for "*co-existence and cooperation*" among Zimbabwean people of diverse opinions. It is also a solid foundation for building *Political Stability and Confidence Restoration*.

Harmonised General Elections

53. The litmus test for the New Government's commitment to democratisation objectives and "*Walking the Talk*" hinges on the conduct of the forthcoming Harmonised Elections, scheduled to be held in July 2018.
54. His Excellency, the President has already announced and promised resoundingly ***Free, Fair and Credible Elections***, which will be **free** of violence.
55. The election processes, from the Preparations to the Voting, are being undertaken in line with the country's Constitution, as well as SADC Guidelines on conduct of Democratic Elections, and African Union (AU) Principles.
56. The Budget has set aside US\$132 million for the electoral exercise, with Development Partners complementing these resources.

Voter Registration

57. The Biometric Voter Registration (BVR) process has been completed, with an opportunity for registration to those not captured during the initial exercise. The BVR will produce up-to-date Voter Rolls, which are auditable.
58. In support of the election preparatory exercise, including the BVR, the United Nations Development Programme (UNDP), in collaboration with various

Development Partners has so far availed US\$3.5 million, and further assistance has been pledged.

Other Support

59. Development partners are also supporting Zimbabwe's electoral process through the Zimbabwe Electoral Commission (ZEC)'s Capacity Building Project (Zim-Eco).
60. The project being coordinated by the UNDP aims to strengthen the capacity of ZEC to meet its Constitutional mandate and manage the Voter Registration System, as well as carrying out outreach programmes with electoral stakeholders and eligible voters.
61. A total of US\$8.2 million has so far been pledged, of which US\$4.2 million has been utilised.

Development Partner	Amount Pledged/ Committed (US\$)	Amount Disbursed to date (US\$) (to UNDP)	Amount Utilised (US\$) since 2016 to date
UNDP	1 000 000	721 221	721 221
EU ²	6 105 398	5 684 413	3 441 987
Japan	1 000 000	995 202	55 796
UN WOMEN ³	100 000	-	-
France	6 000	6 000	6 000
Total	8 211 398	7 406 836	4 225 004

62. Government, therefore, appreciates the support from various development partners towards supporting this important exercise.

Campaigning

63. All the Political Parties are campaigning freely within the law, with Government engaging all the Political Parties to address any other grey areas.

Electoral Amendment Bill

² Additional funds amounting to 2.3 million Euro are expected from EU in 2018.

³ UN WOMEN contribution is via direct implementation of activities

64. The Electoral Amendment Bill, meant to align electoral processes with provisions in the Constitution, is now before Parliament, having taken views raised by the public.
65. Meanwhile, Government is engaging Political Parties with a view to addressing any other concerns.

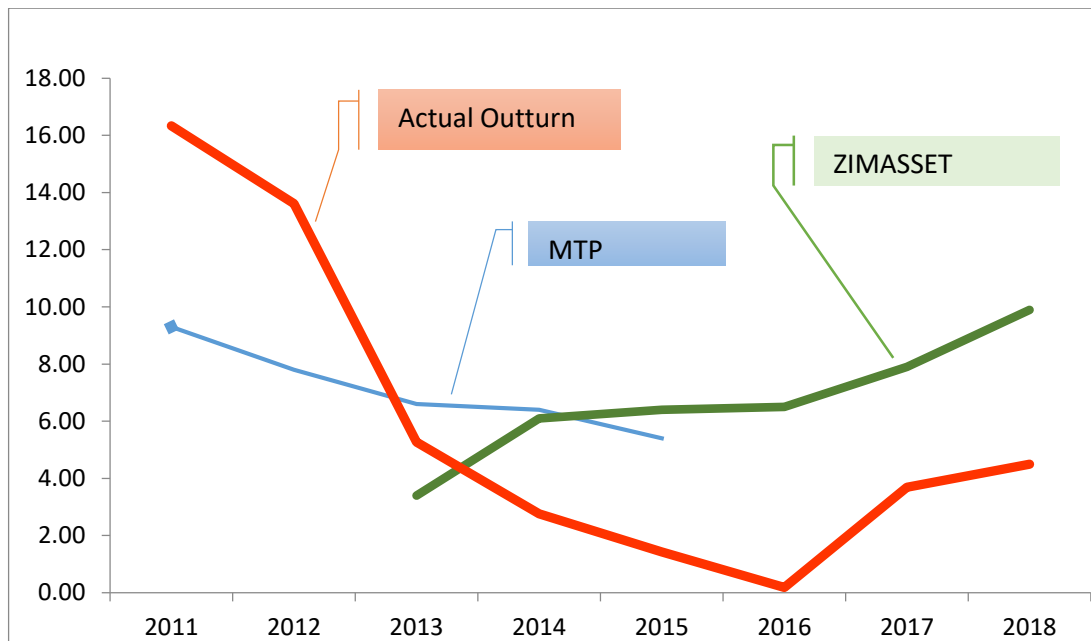
Election Observers

66. An “*Open Door Policy*” on electoral observation is also in place and international observers are welcome.
67. The SADC, AU, UN, EU representatives have already visited the country with a view to exercising oversight over the electoral process from *Preparation, Campaigning, and Voting* to assessing stability after announcement of results.
68. So far, international observers have expressed confidence in preparations and pledged continued support.

THE ECONOMY

69. Economic performance has not been to expectations and to potential capacity, with most of the Medium Term Plan and the Zim Asset (2013-18) targets not being realised.

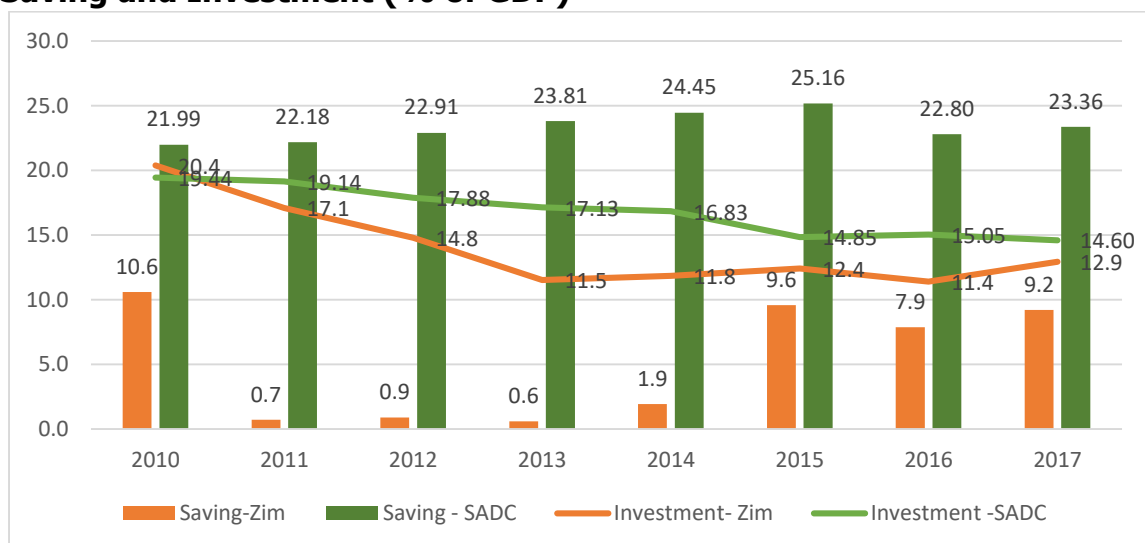
Real GDP Growth (%)



Source: ZIMSTAT, MoFED

70. More challenging to the economy has been low levels of investment due to the uncertain investment climate, averaging 17% of GDP between 2009 and 2012, which gradually declined to around 11% from 2013.
71. This is reflected through negligible domestic savings of below 10% of GDP, against marginal external inflows.

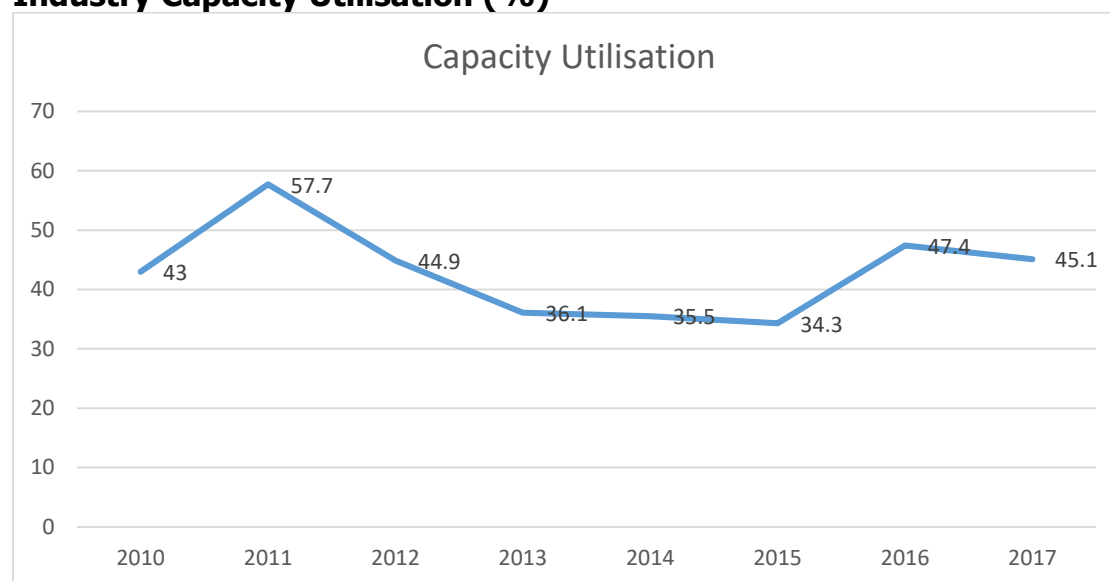
Saving and Investment (% of GDP)



Source: ZIMSTAT/IMF

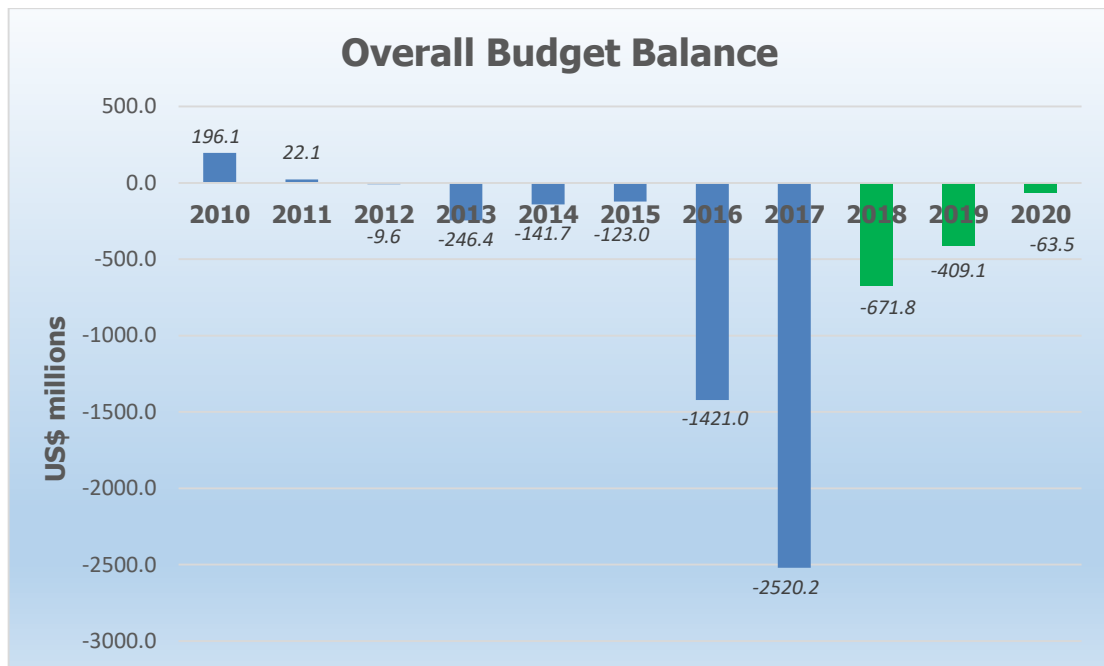
72. The huge domestic Savings-Investment (S-I) gap is quite vivid across both private and public sectors.
73. In industry, years of economic isolation and under-investment forced most companies to rely on antiquated machinery and old technology, which continued to be a major source for low capacity utilisation, high cost of production and low quality products, which all compromised business competitiveness.

Industry Capacity Utilisation (%)



Source: CZI

74. In the public sector, obsolete infrastructure in transport, water reticulation and ICT, further compounded the private sector challenges.
75. In addition, entrenched weaknesses and indiscipline in management of public resources exacerbated the situation, transmitting intense vulnerabilities and risk to the rest of the economy.



Source: MOFED

76. In view of the above deficiencies, and as highlighted under the *Strategy Thrust*, the new Government is seized with implementing a number of reforms, prioritising fiscal consolidation, investment promotion and eliminating of inefficiencies in order to attain the required macro-economic stability and growth.
77. Furthermore, the New Government has already given positive signals through reforming the Indigenisation Law and implementing some Ease of Doing Business Reforms.
78. As a result, business confidence is gradually being restored.

Pursuing Tenets of a Market Economy

79. The new *Strategy Thrust* is based on creating conducive conditions for investors and creating opportunities for decent employment.
80. Bold steps are being taken to reduce the Government '*Footprint*' in the economy, liberalise and introduce a market-based system; building an economy in which enterprises can thrive and is encouraged and protected; an economy capable of

empowering its entrepreneurs and fostering innovation at every level, guided by the following fundamental principles:

- Liberalisation;
- Policy Consistency, Predictability, Certainty and Credibility;
- Respect for Property Rights;
- Transparency and Accountability; underpinned by
- Fiscal Responsibility and Discipline.

Fiscal Consolidation

81. The misdemeanours of past fiscal indiscipline were reflected in failure to adhere to approved Budgets, with significant expenditures being incurred arbitrarily outside Budgeted Votes, and failure to follow laid down systems, at times involving quasi-fiscal expenditures.
82. Under the new Dispensation, these weaknesses are being brought to an end.
83. From the beginning of 2018, the New Administration has taken significant steps to restore confidence on management of public resources through implementation of measures contained in the 2018 National Budget.
84. The respective measures aim at instilling fiscal discipline and hence, attain healthy public finances, guided by *Fiscal Anchors*⁴:

Fiscal Deficit

85. Government is implementing a comprehensive expenditure management programme which will see the gradual containment of the Budget deficit from 2017 levels of -14% of GDP to -3.5% of GDP by end of 2018, and subsequently

⁴ see Annex 3: Medium Term Fiscal Targets

capping it to below -0.3% by 2020, in line with best practices and financing capacity of the economy.

- 86. Attaining the above targets will primarily depend on progressive reduction of the share of *Employment Costs* in the Budget, to initially 70% in 2018, 65% in 2019, and below 60% of the total Budget by 2020.
- 87. As the economy grows, employment costs will be targeted down to average around 30% of the total Budget.
- 88. This will create fiscal space to accommodate financing of the development Budget and other social protection operations of Government.
- 89. Similarly, containment of the budget deficit will also require sustainable, financing of agriculture, through enhancing the role of private financiers.

Public Debt

- 90. Current public debt levels of about 86% of GDP are clearly unsustainable, and constitute a risk to management of public finances and macro-economic stability⁵.
- 91. Consistent with Section 11(2) of the Public Debt Management Act [Chapter 22:21], Government is instituting measures to ensure that the total outstanding Public and Publicly Guaranteed Debt, as a ratio of GDP, does not exceed 70% at the end of any fiscal year.
- 92. In order to attain the above targets, Government is minimising commercial borrowing in favour of concessionary loans.

⁵ see Annex 5: Debt Levels

93. Similarly, commercial loan financing will be confined to projects and programmes for productive purposes, as opposed to consumption.

Ceiling of Government Borrowing from the Central Bank

94. In line with Section 11(1) of the Reserve Bank Act [Chapter 22:15], State borrowing from the Reserve Bank shall not exceed 20% of the previous year's Government revenues at any given point.
95. However, to avoid further jeopardising the dollarised regime, Government commits to substantially manage recourse to Central Bank financing of the deficit, with the objective of limiting and eliminating such borrowings.

Minimum Spending on Infrastructure

96. In order to support economic activity, developed infrastructure is critical and, hence, Government will be re-directing substantial resources towards capital development priorities, through increasing the capital Budget thresholds from the current 11% to 15% in 2018 and 25% by 2020.

Expenditure Management

97. In order to attain the above fiscal targets, Government is pursuing a number of specific expenditure management measures relating to the following:
- Adoption of lean administrative structures, including maintaining a freeze on recruitment across the board, save for critical areas such as health and education;
 - Enforcing Retirement Policy by retiring staff who have reached the retirement age of 65 years, those without the required qualifications and voluntary retirement;
 - Abolishing duplications of manpower and respective functions especially with regards to Youth Officers;

- Removal of a number of benefits, including personal issue vehicles, fuel allocations, etc;
- Managing foreign travel by reviewing class of travel arrangements for foreign business travel, as well as rationalising size of Government delegations and Embassy Representation Missions, among others;
- Management of utility costs;
- Implementation of Public Investment Management Guidelines and
- Reform and Restructuring of Public Enterprises.

98. Treasury has already issued Administrative Circulars which provide guidelines to Accounting Officers and Heads of Institutional Commissions to enforce implementation of the above measures.

99. The Ministry of Presidential Affairs and Monitoring Implementation of Government Programmes is closely monitoring implementation of the above measures in order to ensure containment of the fiscal deficit.

100. With regards to the *Wage Bill* reduction measures, Treasury has since advised Service Commissions to proceed to implement specific expenditure management measures and has availed US\$39 million to fund:

- Retirement of Government officials above 65 years old, US\$12 million;
- Retirement of 3 188 Youth Officers, US\$17.7 million. The New Dispensation is resisting efforts, from some quarters with vested interests, to reverse or stall Cabinet decisions to rationalise the Civil Service. Under the President's guidance, Treasury and the Public Service Commission have been able to swiftly move in to deal with retrenchment of the 3 188 officers. While members affected had approached the Courts arguing on required and sufficient notice, Government is regularising to conform to the law. Meanwhile, Treasury has already disbursed the resources to meet the terminal benefits for the affected members, which include retirement notices and this should see conclusive implementation of this measure.

- Retirement of 528 civil servants without the requisite qualifications, US\$8.7 million; and
- Outstanding payments for abolition of office, US\$747 000.

Voluntary Retirement Scheme

101. The Service Commissions are currently seized with the development of modalities of implementing the Voluntary Retirement Scheme, being mindful of not undermining the quality of public services in the process.

Foreign Service Missions

102. Government has approved the downsizing of our Diplomatic Missions, taking account of our current economic environment and affordability principles.

103. Cognisant of the re-engagement agenda, the decision to reduce the country's diplomatic representation abroad will balance the cost of maintaining these Missions with the business value being realised.

104. In the same vein, Treasury, through the 2018 National Budget, also re-affirmed Government's commitment to rationalise expenditures related to:

- Conditions of Service for Locally Recruited Staff and;
- Rentals at Foreign Missions.

105. Pursuant to the above commitments, an Inter-Ministerial Committee has since been constituted with the remit of proposing specific measures and attendant financial savings for the consideration and approval of Cabinet.

Other Fiscal Measures

106. The above measures are being supported by other interventions under implementation and these relate to:

- Strengthening of the Public Financial Management System (PFMS), also to contain expenditures outside the Budget;
- Rolling out the PFMS system to cover Local Authorities and Parastatals;
- Migration to accrual accounting;
- Developing a comprehensive reform and rationalisation programme for reform of State Enterprises; and
- Audits for Value for Money from public resources

107. With full support from the President and Cabinet, implementation of the 2018 Budget will see restoration of discipline in the management of public resources, necessary for fiscal prudence.

Resource Mobilisation

108. Revenue collections are being enhanced through improving administrative efficiencies while innovative ways of collecting revenues from the informal activities are devised.

109. Specific measures under implementation include:

- Introduction of VAT Fiscalised Recording of Taxable Transactions;
- Introduction of Scanners and ICT systems at border posts;
- Improved coordination of different Agencies stationed at border posts;
- Introduction of the Electronic Cargo Tracking System that monitors the movement of transit cargo; and
- Introduction of the Single Window payment platform for fees and charges at Ports of Entry.

110. As a result, revenue outturn and performance over the past three months of 2018 show surpassing of targets.

Public Enterprise Reform

111. The new Dispensation has seen Government begin to embark on a programme to reform public enterprises after delays and reversals of the past.

112. In this regard, Cabinet at its meeting of 10 April 2018, took the following decisions:

Enterprise		Decision
1.	Cold Storage Commission (CSC)	Finalise consideration of joint venture proposals by 30 th April 2018
2.	Grain Marketing Board	Delinking the management of the Strategic Grain Reserve from the GMB's commercial operations. All costs directly related to the management of the Strategic Grain Reserve will be borne by Government.
3.	Agriculture and Rural Development Authority (ARDA)	Proceed on current trajectory with identified strategic partners.
4.	Civil Aviation Authority of Zimbabwe (CAAZ)	Unbundling into a Regulatory and Airports Authority
5.	National Railways of Zimbabwe (NRZ)	Proceed with recapitalisation on a Joint Venture basis.
6.	Zimbabwe Electricity Supply Authority (ZESA), ZETDC, ZPC and ZESA Enterprises	Dissolution of the Boards of ZETDC, ZPC and ZESA to a single ZESA Board, with mandate to engage strategic partners.

Enterprise		Decision
7.	Zimbabwe National Road Administration (ZINARA)	Restructured to focus on revenue collection and away from road construction.
8.	Allied Timbers	To seek strategic partner
9.	Agribank	To seek strategic partner
10.	Small and Medium Enterprises Development Corporation (SMEDCO)	To be merged with Empower Bank and establish the Empowerment and Development Bank. A separate Women's Bank to be established.
11.	Forestry Commission	To remain as a regulatory authority
12.	ZISCO Steel	Joint Venture restructuring.

Enterprises for Liquidation

Enterprise		Decision
1.	National Glass Industries	To be liquidated
2.	Motira	To be liquidated
3.	Zimglass	Seek a strategic partner.
4.	Kingstons (Pvt) Ltd	To sell/dispose of its assets.

Enterprises for Privatisation

Enterprise	Decision
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1.	The National Handicrafts Centre	To be transferred to Ministry of Women Affairs, Gender and Community Development for market promotion
2.	Allied Insurance	IDC should retain its current 10% interest in Allied Insurance
3.	Surface Investment	To retain current shareholding at 10% in the national interest
4.	Zimbabwe Grain Bag	To be privatised.
5.	Ginhole Investments	To be privatised

Partial Privatisation, Joint Venture Partnerships & Listings

Enterprise		Decision
1.	National Handling Services	No privatisation
2.	Petrotrade	Government to retain majority shareholding in the national interest
3.	ZIMPOST	Partial privatisation
4.	POSB	Partial privatisation
5.	17 ZMDC Subsidiary Mines: Jena, Sabi, Elvington, Golden Kopje, Alaska Mine, Mhangura, Sanyati, Kamativi, Lutope, Kapata, Sandawana, Lynx, Mumburume, Shabanie, Gaths Mine, Mbungu and Gwayi	Partial privatisation
6.	Infrastructure Development Bank of Zimbabwe (IDBZ)	Partial privatisation
7.	Road Motor Services (RMS)	To be privatised in tandem with NRZ Programme

8.	Tel-One, Net-One and Telecel	Partial privatisation
9.	ZUPCO	Partial privatisation
10.	Willowvale Mazda Motor Industry	Partial privatisation
11.	Chemplex Corporation (Fertilizers)	Partial privatisation through a strategic partner.
12.	Deven Engineering	Partial privatisation
13.	G & W Minerals	Partial privatisation

NB: Where partial privatisation is to take place, Government will explore opportunities for using the Stock Exchange to promote involvement and ownership by the public/population through share ownership schemes.

Enterprises for Merger

Enterprise		Decision
1.	Powertel, Zarnet and Africom	Merge
2.	Competition and Tariff Commission and National Competitiveness Commission	Competition and Tariff Commission remain as it is. National Competitiveness Commission to become a Department in the Line Ministry with the support of the private sector
3.	Postal and Telecommunication Regulatory Authority of Zimbabwe (POTRAZ) and Broadcasting Authority of Zimbabwe (BAZ)	Merge
4.	Boxing and Wrestling Boards	Merge
5.	Special Economic Zones Authority, the Zimbabwe	Merge and transform to establish a One Stop Shop Investment Authority.

	Investment Authority, Zimtrade and the Joint Venture Unit	
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Enterprises Absorbed under Ministries

Enterprise		Decision
1.	New Ziana	To become a Department in the Ministry of Information, Media and Broadcasting Services
2.	National Indigenisation and Economic Empowerment Unit	To become a department in the Ministry of Industry, Commerce and Enterprise Development
3.	National Arts Council	To remain as a regulatory authority
4.	National Library and Documentation Services	To become a Department in the Ministry of Primary and Secondary Education
5.	National Liquor Licencing Authority	To be returned to the Ministry of Local Government, Public Works and National Housing as a regulatory authority
6.	Board of Censors	To become a Department in the Ministry of Home Affairs and Cultural Heritage
7.	Lotteries and Gaming Board	To become a Department in the Ministry of Home Affairs and Cultural Heritage

EASE OF DOING BUSINESS

Openness to Business

113. The new Government, under the dictum – '*Zimbabwe is Now Open for Business*', is cognisant that investment is an essential ingredient for supporting productive sectors.
114. His Excellency, the President has participated in a number of recent high level investment events, which include the World Economic Forum in Davos and the Africa CEO Forum in Cote D'ivoire.
115. In addition, the President has interacted with various stakeholders, inclusive of the business community under the Confederation of Zimbabwe Industries (CZI), farmers and miners, and the main message at all these events centres on private sector investment led growth.
116. Similarly, the President has made commitment to ensure equal access to land for all Zimbabweans regardless of background or colour, opening access of 99 Year Leases to all interested citizens.
117. At the centre of investment promotion are the following reforms:

Indigenisation Legislation

118. Government, through the Finance Act of 2018, amended the Indigenisation & Economic Empowerment Act, which had constrained foreign ownership of local businesses and discouraged much needed investment.
119. The Amendments confine the 51/49% Indigenisation threshold to only the two minerals, namely diamonds and platinum, in the extractive sector, pending formulation by Government of a new policy on Diamonds and Platinum.
120. The 51/49% threshold will not apply to the rest of the extractive sector, nor will it apply to the other sectors of the economy, which are now open to all investors regardless of origin.

121. This amendment is consistent with the objective of attracting investment.

Ease of Doing Business Reforms

122. The Ease of Doing Business reforms are part of the broad measures being implemented under the new Dispensation to improve the investment climate. These target administrative and legislative bottlenecks that frustrate both local and foreign investors.

123. Zimbabwe still has a number of unresolved issues on the ground as reflected in the current ranking of the country at 159 among 190 nations in the World Bank's Doing Business 2018 study.

124. Accordingly, Government has been engaging a number of Development Partners for technical assistance and these include the World Bank and other bilateral partners.

125. Furthermore, Government is also drawing lessons from the experiences of other countries ranking high with regards to *Ease of Doing Business*. Recently, from the region, Zimbabwe has been hosting experts from the Rwanda Development Board.

126. Meanwhile, the necessary legislative and administrative reforms are being instituted⁶.

Legislative Milestones

127. In this regard, Government enacted into law:

- Banking Amendments,

⁶ See Annex 8 for Detailed Progress

- Deeds Registry,
- Judicial Laws Ease of Settling Commercial Disputes,
- Movable Property Security Interests; and
- Public Procurement and Disposable of Public Assets.

128. The new Government is also coming up with a new overall Investment Act, which removes investment provisions scattered under various pieces of legislation – Exchange Control Regulations, Finance Act, ZIA Act, Immigration and various other line Ministries statutes.

129. The new Investment Act will, therefore, consolidate and harmonise the various investment related legislative pieces into a single omnibus Act.

130. Similarly, a lot of administrative procedures, timelines and costs have been reviewed and streamlined to facilitate the Ease of Doing Business.

131. These include registering of property, construction permits, public procurement reforms, starting a business and ease of trading⁷.

132. The Zimbabwe Land Commission has also been set up to deal with various land disputes.

Bilateral Investment Protection

133. The country has signed and ratified 12 Bilateral Investment Promotion and Protection Agreements (BIPPAs) with Denmark, Germany, Switzerland, Netherlands, China, India, Russia, Kuwait, Iran, South Africa, Yugoslavia and the OPEC Fund.

⁷ See details under matrix of reforms under annex 1

134. Signed BIPPPAs awaiting ratification total 20, while a further 23 BIPPPAs are being negotiated.

135. Zimbabwe reiterates its commitment to ensuring that all foreign investments are safe and will honour its obligations under the various BIPPPAs.

136. Where violations were made with regards to land under BIPPPAs, Government is engaging the respective parties, with a view to reaching amicable settlements.

One Stop Shop Investment Centre

137. The establishment of a One Stop Shop Investment Centre has been receiving urgent attention under the 100 Day Rapid Results Plan and as part of the priority investment reforms.

138. The Zimbabwe Investment Authority is being merged with the Special Economic Zones, Zimtrade, currently focusing on export promotion and the Joint Venture Unit to establish a One Stop Shop Investment Centre for potential business investors.

Special Economic Zones

139. While the promulgation of the Special Economic Zones Act (Chapter 14:34) was finalised in 2016, its implementation has been slow.

140. The new Government is, therefore, accelerating the implementation of this important investment programme capable of increasing exports, creating employment, as well as transferring technology and managerial skills.

141. The focus is on the initially designated pilot zones which are:

- Sunway City in Harare, focussing on the high technology hub;
- Victoria Falls-Hwange National Park-Binga –Kariba-Mushumbi Pool tourism corridor;
- Victoria Falls, covering financial services;
- Bulawayo, focussing on beef to leather industry, cotton to textile industry, steel and foundry and the rehabilitation of the National Railways, among other value chains; and
- Mutare Special Economic Zone, which will be focussing on diamond cutting and polishing.

142. In support of this initiative, Government has gazetted incentives⁸ for SEZs investors.

143. The Special Economic Zones Authority Board is also spearheading operational modalities including engaging both local and international experts in the planning, design and implementation of Special Economic Zones.

144. Potential domestic and external financiers are, therefore, being invited for infrastructure financing in the designated zones.

Exchange Control Liberalisation

145. Foreign investors can freely remit investment income such as dividends and profits realised from their investments to various destinations without seeking prior Reserve Bank approval.

146. Requests to remit investment income to external destinations are handled at commercial banks without coming to Reserve Bank.

⁸ ***See attached Annex 4***

147. Similarly, foreign investors divesting from Zimbabwe can remit their initial capital, plus appreciation proceeds.

Labour Market Flexibility

148. The current labour law is being reviewed in order to reconcile interests of both employers and employees, also aligning them to improved productivity, critical for a conducive investment environment.

149. Following Government negotiations with both employer and employee organisations, processing of the Tripartite Negotiations Forum Bill and amendments to the Labour Act are underway as part of the 100 Day Rapid Results Plan.

SECTORAL OPPORTUNITIES

Agriculture

150. Following the completion of the land allocation phase of the Land Reform Programme, the thrust is on full, efficient and sustainable utilisation of allocated land, for increased investment on the land and production.

151. It is with this objective that the new Government continue to pursue the Special Agriculture Production Programme popularly coined 'Command⁹ Agriculture', in partnership with the private sector.

152. This was also in response to a key challenge on financing which faced the new farmer and hence, hindered full productive utilisation of the land.

153. The result was much idle farmland, and unaccountability on the part of the farmer.

⁹ ***Command here is not literally interpreted as centralised model economy***

154. The under-utilisation of land was guaranteed to continue unabated, in the absence of decisive intervention support, that way perpetuating food insecurity and over-dependency on imports.
155. To untangle this risk, Government intervened with introduction of the Special Agriculture Production Programme, embracing a number of crops and livestock.
156. Government recognises that in the interim, the new farmer would need to be incubated and learn the ropes, necessitating adoption of collaborative financing models by Government and the private sector.
157. Under this model, the individual farmer remains responsible and accountable for honouring repayment of obligations arising under extended financing facilities.

Transition to Sustainable Funding

158. As we move forward, Government will focus on supporting vulnerable households, while private sector and commercial bank finance will be required to fully take up its rightful role of adequately underpinning agriculture, particularly, A2 commercial farmers.
159. In order to facilitate this, Government engaged financial institutions on bankable 99 Year Leases, culminating in recent amendments acceptable to the banking sector.
160. It is, therefore, expected that all commercial farmers will be issued with the new leases which allows them access funding from financial institutions.

Government Facilitation

161. Government will, however, continue with its facilitative role in the areas of extension services, disease and pest control, provision of bankable leases and security of tenure, development of irrigation, farm mechanisation and other infrastructure facilities.

Irrigation

162. Limited irrigation infrastructure facilities increase vulnerability of agriculture to droughts and, hence, compromise all other interventions such as financing and technical support.
163. Government has come up with an irrigation master plan to rehabilitate and establish irrigation facilities to cover 2.5 million hectares.
164. To date, the country has 210 000 hectares of developed irrigation of which 175 000 hectares are operational. The target is, therefore, to add 200 hectares per administrative District over a 10 year period, and this requires forging partnerships with external partners.
165. This will boost production across the country's vast arable and underutilised tracts of land, drawing from several dams whose waters remain idle.
166. As a result, critical areas for investment are in irrigation and mechanisation equipment, fertilizer and other inputs production, among others.

Farming Incentives

167. For potential investors into farming, fiscal incentives include value added tax deferment on some capital equipment for the exclusive use in agriculture.

168. Investors also enjoy full income tax deduction on expenditure incurred on fencing, clearing and stumping lands, works for prevention of soil erosion, boreholes, wells, aerial and geophysical surveys and restocking allowance.
169. Rebate of duty is also granted on materials which are imported for use in the preparation and packaging of fresh produce for export.
170. In addition, most farm inputs such as animal feed, animal remedy, fertiliser, plants, seeds and pesticides and equipment or machinery used for agricultural purposes are zero rated for VAT purposes.
171. In the outlook, agriculture is projected to grow by 10.7% in 2018 and averaging 8% between 2019 and 2020.

Investment in Mining

172. The country will leverage on its diversified mineral resource base of over 55 exploitable minerals to help grow the economy.
173. Current average growth in the mining sector stands at 7% with future projections of about 9% by 2020. (See Annex 6 on Mining Output)
174. Small scale artisanal miners are also making substantial contributions, particularly in the gold sub-sector with a share of around 52% of gold deliveries. This positive development was made possible through Government support in form of such facilities as the US\$40 million small scale gold support facility and the US\$70 million export support facility.
175. Going forward, Government welcomes investors to take advantage of the opportunity in this sector which include exploration, mining, beneficiation and value addition, cutting and polishing, smelting, refining of minerals such as platinum, chrome, nickel, diamond, copper, gold and coal.

176. In terms of incentives, investors enjoy deductions on all capital expenditure on exploration, development, and operations incurred wholly and exclusively for any mining operations in full.
177. In addition, expenditure incurred during a year of assessment on surveys, boreholes, trenches, pits and other prospecting and exploratory works undertaken for the purpose of acquiring rights to mine minerals or incurred on a mining location in Zimbabwe, together with any other expenditure that is incidental thereto may be allowed in full.
178. There is also no restriction on carryover of tax losses which can be carried forward for an indefinite period, among others tax holidays.

Amendment of the Mining Laws

179. Government is also finalising the enactment of the Mines and Minerals law, which seeks to promote exploration and mining by revoking unutilised claims being held for speculative purposes.
180. The amendments also harmonise mining taxation laws with the objective of guaranteeing viability of mining companies.

Industry

181. The manufacturing sector has potential to contribute more than 18% to GDP which was attained at its peak in 1997.
182. Currently, the sector is showing signs of recovery, albeit with capacity utilisation still low, averaging 45%. This, coupled with the high import bill for consumer goods, constituting 60%, presents opportunities for investment in various value chains linking various sectors of the economy.

183. Prospects are specifically in sub-sectors of foodstuffs, drinks and beverages, textile and ginning, clothing and footwear, paper printing and publishing, metal and non-metallic products, chemical and petroleum products as well as transport and equipment.

184. For interested investors, Government allows duty exemptions on imported capital equipment and importation of raw materials used in the manufacture of goods for export.

185. VAT is also exempted on raw materials for further processing.

Tourism

186. The tourism sector continues to grow, with expansion of 7.3% expected in 2018. This is propped up by the warm hospitality of the people, and the ongoing improvement in the country's international relations.

187. As a result, there has been steady growth in arrivals, allowing Zimbabwe to regain its rightful place as a destination of choice.



188. As we look into the future, the vast tourist attractions ranging from natural to man-made historical sites present opportunities for investment in areas such as hotels and catering industry, safari and tour operations, gaming, construction of international convention centres as well as production of animal documentaries.

189. The aggressive marketing and branding strategy hinges on provision of innovative incentive packages and the relaxation of a restrictive visa regime, as well as exemption of duty on capital equipment.

Infrastructure Rehabilitation and Development

190. Functional infrastructure remains key to unlocking economic growth potential, increase competitiveness and productivity, whilst equipping public services to meet demand.

191. Quick wins projects in energy, water and sanitation, ICT, housing and transport are being prioritised, with focus on expediting completion of ongoing infrastructure projects so that they begin contributing to the economy.

Milestones

192. To date, with a combination of different financing models, ranging from domestic resources, joint ventures, loans, and development partner support, Government has managed to deliver on some of the priority projects that provide downstream benefits to the overall economy.

193. These include:

- Tokwe Mukorsi Dam, US\$300 million;
- Bulawayo and Victoria Falls Airports Upgrading, US\$150 million; and
- The Kariba South Expansion Project, US\$533 million.

194. Under the 2018 National Budget, Government allocated about US\$1 billion for key infrastructure projects in ICT, power, water and transport, social services sectors.

Infrastructure Investment Areas

195. The above Budget expenditure outlay is negligible, given the requirements of some of the projects earmarked for implementation.
196. These include the Beitbridge Border Post Modernisation and Road Rehabilitation, among others.
197. Given years of infrastructure deterioration with minimal maintenance, addressing the infrastructure gap will also require complementary funding through concessional loan financing, joint ventures (PPPs) and development partner financial support.
198. Earlier estimates by the African Development Bank indicate the cost of implementing priority infrastructure projects at more than US\$30 billion.

SECTOR	FINANCING OPTIONS			
	BUDGET	LOAN	PUBLIC PRIVATE PARTNERSHIP (PPP)	TOTAL
	US\$ Million	US\$ Million	US\$ Million	US\$ Million
ENERGY	176	6,581	6,884	13,641
TRANSPORT	436	5,677	3,083	9,197
ICT	50	377		427
WATER & SANITATION	415	2,004	1,776	4,195
HEALTH	178	379		557
EDUCATION	346	466		812
AGRICULTURE	50	2,799		2,849
TOTAL	1,651	18,283	11,743	31,678

199. Consequently, private players are invited to partner Government in the expansion and modernisation of roads, rail, airports, shopping malls, industrial parks and

associated tollgates linking key cities, power generation, dam construction, water reticulation, budget hotel chains in the tourism industry, ICT, among others.

200. Some of the opportunities for investment in the energy sector include:

- Gokwe North Thermal Power Station (Sengwa),
- Gwayi Thermal Power Station,
- Western Area Power Plant,
- Lupane Coal Bed Methane, and
- Mini hydro power stations, among others.

201. In the water sector, dam construction opportunities exist in 8 of the country's Provinces. With regards to the Tokwe-Mukosi Dam, many development opportunities ranging from agriculture, fisheries, tourism and power generation have arisen.

Joint Ventures Legal Framework

202. The Joint Venture Act, providing the legal basis for procurement of Public Private Partnerships facilitates private sector participation in infrastructure development, against the backdrop of budgetary resource limitations.

203. Under the New Dispensation, Government is initiating the following projects under the Public Private Partnerships, whose implementation is at various stages:

- Recapitalisation of National Railways of Zimbabwe;
- Chirundu-Harare –Beitbridge road dualisation;
- Harare-Nyamapanda Road Dualisation;
- Bulawayo- Victoria Falls Road Dualisation;
- Batoka Gorge Hydro project;
- Kunzvi dam project;
- Student accommodation at state Universities; and

- PPPs with local authorities in provision of residential housing project.

204. In support of this initiative, the 2018 National Budget made a provision of US\$15 million for the the Project Preparation Development Fund, meant to assist implementing agencies develop bankable projects.

205. Furthermore, the Zimbabwe Public Investment Management Guidelines were published on 15 November 2017 to enhance the quality of public investment preparation, appraisal and selection, as well as best practices in project implementation.

Scope & Scale of Infrastructure Needs

206. Government efforts on rebuilding capacity to meet demands for the development agenda, is being supported through a joint assessment on the scope and scale of current infrastructure needs.

207. This crucial exercise being supported by the World Bank, UN and AfDB seeks to identify specific needs and reform requirements to spearhead the economic recovery as well as supporting the transition and re-engagement with the International Community.

208. The initial phase entailing planning and stakeholder consultations has already been completed, with the second phase scheduled after August 2018. This will assess prioritised resource requirements.

Financial System

Strengthening Bank Supervision and Surveillance

209. The financial sector plays a pivotal role of intermediation, supporting the real sector of the economy.

210. As a result, the new Dispensation has been instituting interventions to address risks related to growing non-performing loans and weak corporate governance.

211. The Credit Registry is operational, while ZAMCO takeover of NPLs is proceeding well, all resulting in reduction of NPLs to 7% as at 31 December 2017.

212. The Central Bank is also now strengthened to supervise controlling companies of banking institutions in order to minimise management risks.

Financial Inclusion

213. Ongoing implementation of Financial Inclusion strategies is broadening access to and use of financial services.

214. This has seen 96% of transactions by end of January 2018 being conducted using electronic payment systems, mitigating cash challenge challenges.

215. The spread of mobile and other electronic platform banking services to poorer rural areas is benefiting from investment in cellular mobile payment systems.

Social Protection

216. The current economic environment has imposed a number of hardships, particularly on the vulnerable groups. Hence, Government continues to safeguard and ring-fence resources targeting vulnerable groups in the society.

217. Such social protection and safety nets include the following:

- Special Input Scheme for Vulnerable Households, US\$40 million;
- Provision of technical and vocational skills through vocational training centres and SMEs common facilities, US\$2 million;

- Women and Youth Empowerment Loan Funds/ Facilities, US\$4 million;
- Special Grants in Support to the Elderly, Children and other Challenged Groups, US\$39.1 million;
- Access to Health Care and Education, US\$294.9 million.

218. Government continues to engage development partners to complement Government efforts in achieving this, and Government would like to express appreciation for support towards various social programmes.

CROSS-CUTTING THEMES

Fighting Corruption

219. Transparency, accountability and value for money are key pillars for cost effectiveness and efficient delivery of services.

220. It is with this objective that Government is implementing a number of measures on fighting corruption, one of the sources of increased cost of doing business, rent-seeking behaviour and inefficiency on service delivery in both public and private sectors.

221. In the mining sector, there is need for greater transparency and accountability in the management of mineral revenue and Government will improve mineral governance, including adoption of international best practices, benefitting from the Extractive Industry Transparency Initiative (EITI).

Institutional Capacity

222. The New Government is capacitating the Zimbabwe Anti-Corruption Commission, the Police and Prosecuting Authorities with the requisite skills to investigate and prosecute crimes related to corruption. Similarly, Government is expediting the establishment of a Commercial Crimes Court to fast track the prosecution of such offenders.

Asset Declarations

223. The new Government has already begun the effort to defeat corruption, starting the top where Cabinet Ministers and senior public servants are required to declare their assets. Work is also underway to set up anti-corruption courts.

Externalisation

224. The Finance Act of 2018, amends the Exchange Control Act by embodying “Amnesty in Respect of Illegally Expatriated Property” to address indiscipline which had seen many individuals and legal persons moving assets offshore.

225. Out of about US\$1.4 billion externalised, US\$591 million has so far been repatriated, back with the balance yet to be recovered, with legal action to be followed up where there is prejudice.

Public Procurement

226. Recently, Government enacted the Public Procurement and Disposal of Public Assets Act, and subsequently established the Procurement Regulatory Authority of Zimbabwe which decentralises the procurement process to public entities to ensure that public procurement and disposal of assets is effected in a manner that is transparent, cost- effective and competitive.

Public Entities Corporate Governance

227. The Public Entities Corporate Governance Act has also been enacted, to improve the internal management structures of parastatals and other public entities, which had been characterised by malpractices and corruption.

228. Meanwhile, the Corporate Governance Unit has been established and is being capacitated for implementation of the law.

Parliamentary Oversight

229. With the coming in of the New Administration, Parliament has intensified its oversight role through the Parliamentary Portfolio Committees, which have been interrogating various executive decisions and actions.

230. This has included Parliamentary review of some of the opaqueness in the exploitation of diamond mineral resources during the past Administration.

Performance Culture in the Public Service

231. To improve responsiveness and performance of the public service, Government adopted the Rapid Results Approach and is advancing implementation of Client Service Charters at various line Ministries.

232. Furthermore, Government is rationalising human resources in line with staff capacities and qualifications for effective and efficient service delivery.

233. This entails removal of duplications in functions and promoting performance based management systems.

Protection of the Environment

234. The country's Constitution that was endorsed in 2013, gives right to an environment that is not harmful to the health and well-being of citizens.

235. The thrust is to deal with, rampant deforestation, with reversal of estimated losses of 100 000 – 320 000 hectares of forests per year, solid waste management confronting urban authorities, destruction of wetlands and other risks to the environment.

236. In this regard, Government will continue to strengthen and implement the climate and disaster management policy; as well as formulate and implement a comprehensive veld fire management framework.
237. Government will also continue to capacitate Local Authorities and the Environmental Management Agency (EMA) to manage pollution, waste and deforestation.
238. In addition, Treasury imposed an afforestation tobacco levy on tobacco sales under the management of Tobacco Industry Marketing Board for the establishment of woodlots for tobacco farmers.
239. Moreover, tree cutting permits are being de-centralised by the Forestry Commission to ensure sustainable harvesting of timber.
240. Furthermore, EMA will work closely with traditional leaders to enforce the proper management of forests and pasturelands countrywide.

CONCLUSION

241. The new Government's development Agenda has just started, and investment by the private sector is recognised as the key driver of economic revival.
242. This is being facilitated by the New Administration, prioritising the creation of the requisite conducive business investment environment.
243. Access to global capital and investment, is, however, also dependant on resolution to Zimbabwe's external debt and arrears clearance programme.
244. This is central to unlocking new financing and investment flows in support of the country's recovery and development Agenda.

245. The new Government, therefore, looks forward to normalisation of relations with all Development Partners, for continued and scaled up support to get Zimbabwe back on the map of the global community.

Hon. P. A. Chinamasa, (MP)

Minister of Finance and Economic Development

19 April 2018

Washington DC

ANNEXURES

Annex 1: Matrix of Policy Reforms

N°	Reform	Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
1.	Expenditure Rationalisation	Rationalize the civil service and contain the wage bill to re-orient spending towards capital and social outlays	<ul style="list-style-type: none"> Wage Bill rationalisation measures were approved by Cabinet in November 2015. 	<ul style="list-style-type: none"> New Administration adopted lean administrative structure. Already, Treasury implemented expenditure rationalisation measures relating to the, recruitment (freeze), retirement on attaining 65 years, right sizing foreign travel and missions and other expenditure rationalization measures. Rationalised a number of benefits including personal issue vehicles, fuel allocations, etc Abolished duplications of manpower and respective functions especially with regards to Youth Officers Other measures include strengthening of the PFMS outside budget including rolling nit out on local authorities. 	<ul style="list-style-type: none"> December 2020
2.	Strengthen domestic revenue collection and administration	<ul style="list-style-type: none"> To create fiscal space in order to accommodate important social spending and infrastructure maintenance and development. 	<ul style="list-style-type: none"> 2016/17 National Budget and 2016 Mid-Year Fiscal Policy Review 	<ul style="list-style-type: none"> Introduced the VAT fiscalisation recording taxable transactions. Implemented the Electronic Cargo Tracking System that monitors the movement of transit cargo; Introduction of Scanners and ICT systems at border posts Introduction of the Single Window payment platform for fees and charges at Ports of Entry; 	<ul style="list-style-type: none"> Ongoing

N°	Reform	Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
				<ul style="list-style-type: none"> • Coordination of different agencies stationed at border posts 	
3.	Indigenization Policy Framework	To promote the Ease of Doing Business environment for attracting investment	<ul style="list-style-type: none"> • 14 April 2018, Finance Act, 2018 through a Government gazette 	<ul style="list-style-type: none"> • The 2018, Finance Act amended the Indigenisation and Economic Empowerment Act [Chapter 14:13] to restrict compulsory indigenisation to those enterprises engaged in the mining of diamonds and platinum. 	<ul style="list-style-type: none"> • 14 April 2018
4.	Land Reform Programme	<p>Issuance of a bankable and transferable 99 year leases</p> <p>Compensation to all farmers whose land was taken during the Programme</p>	<ul style="list-style-type: none"> • Various Budgets since 2009 	<ul style="list-style-type: none"> • In January 2018, Government engaged financial institutions on bankability of 99 Year Leases, culminating in recent amendments acceptable to the banking sector. • Former farmers whose land was taken are being engaged and compensated despite limited fiscal space. • Where violations were made for land under BIPPAs, Government is engaging the respective parties, with a view of finding amicable settlements. 	<ul style="list-style-type: none"> • Ongoing
5.	Agriculture Productivity	To improve productivity in Agriculture.	<ul style="list-style-type: none"> • Zim Asset October 2013 and the 2016/17/18 National Budgets 	<ul style="list-style-type: none"> • Government, in collaboration with the private sector has been mobilizing resources during the 2016/17/18 seasons to finance maize, wheat and recently soya beans production through the 'Command Agriculture' Programme. This involved availing of inputs, irrigation and mechanization equipment. • Measures are also underway to broadening the Command Agriculture 	<ul style="list-style-type: none"> • 2018/19 season

N°	Reform	Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
				<p>Programme to livestock, fisheries and wildlife production.</p> <ul style="list-style-type: none"> Measures to enhance horticulture exports are also being pursued through availing of loan facility by the Central Bank. 	
6.	Enhancing Infrastructure Development.	Enhancing enablers for supporting productive sectors.	<ul style="list-style-type: none"> Zim Asset October 2013 and the 2016/17/18 National Budgets 	<ul style="list-style-type: none"> Notable projects completed include Tokwe Murkosi Dam, Plumtree-Bulawayo-Harare-Mutare road, Bulawayo and Victoria Falls Airports, Kariba South (extension) hydro power station, various urban, and rural water and irrigation projects, among others. Pipeline projects include Beitbridge-Harare-Chirundu road which is going to be re-tendered, among others. Other ongoing projects are in ICT, power, water and transport, social services sectors. 	<ul style="list-style-type: none"> Completed 2017-2018 Ongoing
7.	Development of SMEs	Development of financing structures, training, access to markets and availing appropriate infrastructure	<ul style="list-style-type: none"> In the 2015/2016/2017/18 National Budgets 	<ul style="list-style-type: none"> Government approved the SME Infrastructural Development Policy that compels Local Authorities to provide adequate infrastructure for SME's in both urban and rural areas Local authorities to ring fence at least 30% of revenue collections from SME's. Through the 2018 Budget, SMEDCO is to be recapitalized to the tune of US\$2 million. Government in 2017, launched a US\$90 million funding package aimed at capacitating various up-and-coming businesses 	<ul style="list-style-type: none"> Ongoing

N°	Reform	Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
8.	Ease of Doing Business	Removal of regulatory, transactional and administrative hurdles in doing business	<ul style="list-style-type: none"> • Zim Asset announced in October 2013 • 100 day programme which started in September 2015. 	<p>Twelve legislative instruments have been enacted and these include:</p> <ul style="list-style-type: none"> • The Banking Amendment Act; • Deeds Registry Act; • Judicial Laws Ease of Settling Commercial Disputes Act; • Movable Property Security Interests Act; • Public Procurement and Disposal of Public Assets Act. <p>Similarly, a lot of administrative procedures, timelines and costs have been reviewed and streamlined to facilitate the Ease of Doing Business.</p> <p>These include, among others:</p> <ul style="list-style-type: none"> • Time taken to register property has been reduced from 36 days to 14 days; • Period for issuance of Construction Permits has been reduced from 448 days to 120 days within the City of Harare. This positive start will cascade to all other local authorities. • Public Procurement and Disposal of Public Assets Act was enacted in August 2017 and is now being implemented. The Procurement Regulatory Authority of Zimbabwe (PRAZ) was consummated in January 2018. • Introduction of the online company name search application system in April 2016, allowing on average processing of more than 60 applications per day. This has 	<ul style="list-style-type: none"> • Ongoing

N°	Reform	Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
				<p>reduced the turnaround time for name search applications from 7 days to 1 day.</p> <ul style="list-style-type: none"> Reduction of the number of days to obtain a shop license from 56 days to 5 days. 	
9.	Beneficiation, value addition and value chains	Promotion of value additions and value chains	<ul style="list-style-type: none"> The 2016 National Budget, 2017 and 2018 National Budgets. 	<ul style="list-style-type: none"> Government is pursuing beneficiation and value addition of minerals targeting gold, chrome, diamond and platinum. 	<ul style="list-style-type: none"> Ongoing
10.	The Special Economic Zones Act	To provide an enabling environment for the development of all aspects of economic zones and removal of barriers that negatively affect operations.	<ul style="list-style-type: none"> SEZs Act was enacted on 1 November 2016. 	<ul style="list-style-type: none"> Government designated four pilot SEZs namely Sunway City in Harare, Bulawayo Industrial Hub and Victoria Falls Tourism, Finance Victoria Falls Tourism Hub is ongoing and Mutare Special Economic Zone for diamond polishing and cutting The SEZ Authority was established and is spearheading operational modalities including engaging both local and international experts in the planning, design and implementation of Special Economic Zone 	<ul style="list-style-type: none"> Ongoing
11.	Strengthening Bank Supervision and Surveillance	Ease liquidity constraints through promotion of plastic money, e-banking services and broader use of multi-currencies	<ul style="list-style-type: none"> Banking Amendment Act gazetted on 13 May 2016 	<ul style="list-style-type: none"> A new regulatory framework encompasses comprehensive frameworks on corporate governance and risk management within banking institutions, consumer protection, as well as, problem bank resolution. Directors' duties are now spelt out and there is civil and criminal liability for breach of the duties. 	<ul style="list-style-type: none"> Ongoing

N°	Reform	Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
				<ul style="list-style-type: none"> The Reserve Bank is now empowered to supervise controlling companies of banking institutions. Supervision of banks is on solo and consolidated basis. The law now provides for cooperation between regulatory authorities. The authorities meet regularly and MoU is in place. 	
12.	Enhancement of credit infrastructure	Establishment of credit reference system and collateral registry	<ul style="list-style-type: none"> Establishment of the Credit Registry is provided for in the Banking Act Amendment. 	<ul style="list-style-type: none"> Credit Registry System was successfully deployed at the Reserve Bank and went live at the beginning of January 2017. As at 31 December 2017, the Credit Registry system had a total of 350,000 banking sector credit records, which are updated on a continuous basis. There are currently 104 subscribers in the Credit Registry system comprising of banks, Microfinance Institutions and other nonbank subscribers. 	<ul style="list-style-type: none"> Ongoing
13.	Addressing Non-Performing Loans	Operationalization of the Credit Registry Bureau and Takeover of Non-Performing Loans by Zimbabwe Asset management Company (ZAMCO)	<ul style="list-style-type: none"> ZAMCO established in July 2014 in terms of the Companies Act. 	<ul style="list-style-type: none"> As at 31 December 2017, ZAMCO had taken over US\$987 million of non-performing loans, that way reducing NPLs to 7.1% of the total loan book value. 	<ul style="list-style-type: none"> Ongoing
14.	Strengthening the Electronic Payment System	Facilitate transactions through use of devices and point of sale machines	<ul style="list-style-type: none"> Various Monetary Policy Statements 	<ul style="list-style-type: none"> The Real Time Gross Settlement System (RTGS) was upgraded in June 2016 to allow for transactions in other currencies in the official multicurrency basket, such as South African Rand, British Pound and Euro (RBZ Press Statement issued on 4 May 2016). 	<ul style="list-style-type: none"> Ongoing

N°	Reform	Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
				<ul style="list-style-type: none"> • RBZ lowered bank charges on non-cash or electronic payments by at least 40% (Monetary Policy Statement of January 2017). • Increased Point Of Sale access points from 16,000 in 2015 to 40,600 (as at 30 April 2017) • Increased mobile payment agents from 38,000 in 2015 to 41,000 by 30 April 2017. 	
15.	National Financial Inclusion Strategy	To ensure the existence of an inclusive financial sector that broadens access to and use of financial services by all with the view of engendering social and economic development	<ul style="list-style-type: none"> • National Financial Inclusion Strategy document launched in March 2016 	<ul style="list-style-type: none"> • In 2017, the Bank introduced nine productive finance facilities earmarked for promoting production (exports, gold, tourism, horticulture) business linkages and empowerment facilities (youth, women, people with disabilities, tertiary students) targeting groups such as women, SMEs and youth to ensure access to formal financial services by these marginalised groups in line with the National Financial Inclusion Strategy. 	<ul style="list-style-type: none"> • Ongoing
16.	Insolvency Bill Estate Administrators Act	To ensure accountability and efficiency insolvency proceedings that permit unsalvageable companies to be quickly liquidated and viable firms to be revived, thus preserving jobs	<ul style="list-style-type: none"> • Approved 	<ul style="list-style-type: none"> • Bill still with Parliament 	<ul style="list-style-type: none"> • December 2018

N°	Reform	Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
17.	Judicial Laws (Ease of Settling Commercial and Other Disputes) Bill	To ensure expeditious resolution of commercial disputes	<ul style="list-style-type: none"> Approved 	<ul style="list-style-type: none"> Enacted into law in 2017. 	<ul style="list-style-type: none"> December 2017
18.	Deeds Registry Amendment Act	To allow for electronic management of the Deeds registry	<ul style="list-style-type: none"> Approved 	<ul style="list-style-type: none"> Enacted into law in 2017. 	<ul style="list-style-type: none"> December 2017
19.	Public Procurement and Disposal of Assets Act	To separate the regulatory and operational functions, decentralize procurement to procuring entities and modernize/professionalize procurement	<ul style="list-style-type: none"> Approved 	<ul style="list-style-type: none"> Enacted into law in 2017 and led to the constitution of Procurement Regulatory Authority of Zimbabwe in January 2018 and appointment of the Board. 	<ul style="list-style-type: none"> December 2017
20.	Shop Licensing Amendment Bill	To streamline and simplify licensing procedures and timelines		<ul style="list-style-type: none"> Bill will be re-introduced to the Parliamentary Legal Committee after withdrawal of an adverse report on it. 	<ul style="list-style-type: none"> December 2018
21.	Public Debt Management Act	To ensure that Government financing needs and its payments are met		<ul style="list-style-type: none"> Operational 	<ul style="list-style-type: none"> Gazetted in September 2015
22.	Public Finance Management (Amendment) Act	To enhance transparency and accountability in the management of public resources	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Principles being developed, PFM Act is being reviewed to align it with the Constitution and further improve on effectiveness of public resource use and accountability arrangements 	<ul style="list-style-type: none"> December 2018
23.	Joint-Venture Act	To regulate how joint venture proposals are received and processed		<ul style="list-style-type: none"> Joint Venture Unit established 	<ul style="list-style-type: none"> February 2016
24.	General Laws Amendment Act	Amendment of outstanding laws		<ul style="list-style-type: none"> It was gazetted in August 2016 	<ul style="list-style-type: none"> December 2018

N°	Reform	Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
25.	Public Entities Corporate Governance Bill	To address remuneration for Government structures		<ul style="list-style-type: none"> The Public Entities Corporate Governance Bill was enacted in 2017 	<ul style="list-style-type: none"> December 2017
26.	Companies and other Business Entities Bill	Overhaul of Act to be in line with modern business practices and consolidation of different types of corporations so as to reduce cost and time for starting a business in Zimbabwe.		<ul style="list-style-type: none"> Bill gazetted on 9 March 2018 and a Stakeholder's Validation workshop on 27 March 2018 to provide further inputs on the Bill. 	<ul style="list-style-type: none"> December 2018
27.	Regional Town and Country Planning Amendment Bill	Improve the time taken and procedures for issuing construction permits.		<ul style="list-style-type: none"> Bill submitted to Cabinet Committee on Legislation. 	<ul style="list-style-type: none"> December 2018
28.	NSSA Act	Will streamline the number of tax payments made by employers by enabling ZIMRA to collect NSSA contributions on behalf of NSSA combined with ZIMDEF Payments thus reducing employee related payments from 36 to 12.		<ul style="list-style-type: none"> Draft Principles crafted and presented to the relevant Ministry. 	<ul style="list-style-type: none"> December 2018
29.	Manpower Act	Will streamline the number of tax payments made by employers by enabling ZIMRA to collect ZIMDEF contributions on behalf of ZIMDEF combined with NSSA Payments		<ul style="list-style-type: none"> Draft Principles crafted and presented to the relevant Ministry. 	<ul style="list-style-type: none"> December 2018

N°	Reform	Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
		thus reducing employee related payments from 36 to 12.			

Ease of Doing Business: Statutory Instruments Reviewed

Regulations	Doing Business Indicator	Area of Impact	Current Status
1. Toll Roads (National Road Network) (Amendment) Regulations, 2016 2. The Fertiliser, Farm Feeds and Remedies (Fees) Regulations, 2016 3. Plant Pests and Diseases (Importation) (Amendment) Regulations, 2016 4. Animal Health (Import) (Amendment) Regulations, 2016 5. Port Health (Amendment) Regulations 2016 6. Road Motor Transportation(Amendment) Regulations, 2016	Trade Across Borders	Enabling processing of import and export goods from one central point and payment of fees through ZIMRA for Single Window at Border Posts. This will minimise time taken at Border to process goods by traders.	Gazetted and Under Implementation.
7. Model Building by Laws	Construction Permits	Reduce time frames for the processing of approval of building plans before City of Harare from 30 days to 14 days.	Gazetted and Under Implementation.
8. General Notice on the waiver of requirement to advertise for a shop licence 2016	Starting a Business	Reduction of advertising period for registration of new shop from 35 to 14 days.	Gazetted and Under Implementation.
9. Small Claims (Designation) Notice, 2016 10. Small Claims General (Amendment) Rules, 2016	Enforcing Contracts	<ul style="list-style-type: none"> Designation of magistrates' courts around the country as small claims courts; and Stipulation of new fees for small claims court to Increase the Jurisdiction of small claims court 	Gazetted and Under Implementation.

Regulations	Doing Business Indicator	Area of Impact	Current Status
11. Small Claims (Jurisdiction) Notice, 2016		from US\$250 to US\$1000 so as to decongest the higher courts.	
12. EMA Border Control (Amendment) Regulations, 2016	Trade Across Borders	Enabling processing of import and export goods from one central point and payment of fees through ZIMRA for Single Window at Border Posts. This will minimise time taken at Border to process goods by traders.	Principles and Draft submitted to AG's office for drafting in December 2016.
13. National Biotechnology (Ports of Entry Levy) Notice 2016	Trade Across Borders	Enabling processing of import and export goods from one central point and payment of fees through ZIMRA for Single Window at Border Posts. This will minimise time taken at the Border to process goods by traders.	Principles developed still awaiting sign off from Ministry and Submission to AG's Office for Drafting.

Annex 2: GDP Growth Rates by Industry

	2017	2018	2019	2020
GDP by industry at market prices, constant prices	3.7	4.5	5.6	6.0
Agriculture and forestry	14.6	10.7	8.1	8.9
Mining and quarrying	8.5	6.1	7.6	8.9
Manufacturing	1.0	2.1	3.9	4.2
Electricity and water	10.7	28.5	11.9	6.6
Construction	2.2	2.1	8.1	8.4
Distribution, Hotels and restaurants	1.1	7.3	7.0	8.0
Supportive services	1.5	1.7	6.0	6.1
Transportation and communication	2.3	1.9	4.1	6.0
Financial, banking and insurance activities	0.2	1.2	9.2	6.2
Public administration, education and health	0.9	0.1	1.2	1.1
Other service activities	-1.7	-0.8	-0.2	1.0

Annex 3: Medium Term Fiscal Targets (US\$ million)

	2017	2018 Est	2019 Proj	2020 Proj
Total Revenue & Grants	3 870	5 071	5 484	5 970
<i>o/w Tax Revenue</i>	3 628	4 300	4 676	5 080
<i>Non Tax Revenue</i>	242	237	254	300
Total Expenditure & Net Lending	6 390	5 743	5 893	6 034
Employment Costs	3 376	3 268	3 268	3 268
Operations & Maintenance	1 064	1 084	1 151	1 251
Interest on Debt	204	229	160	157
Capital Expenditure	1 746	1 162	1 315	1 357
Other	245	231	379	386
Budget Balance	2 520	(672)	(409)	(64)
<i>As % of GDP</i>	<i>-14.1</i>	<i>-3.5</i>	<i>-1.9</i>	<i>-0.3</i>

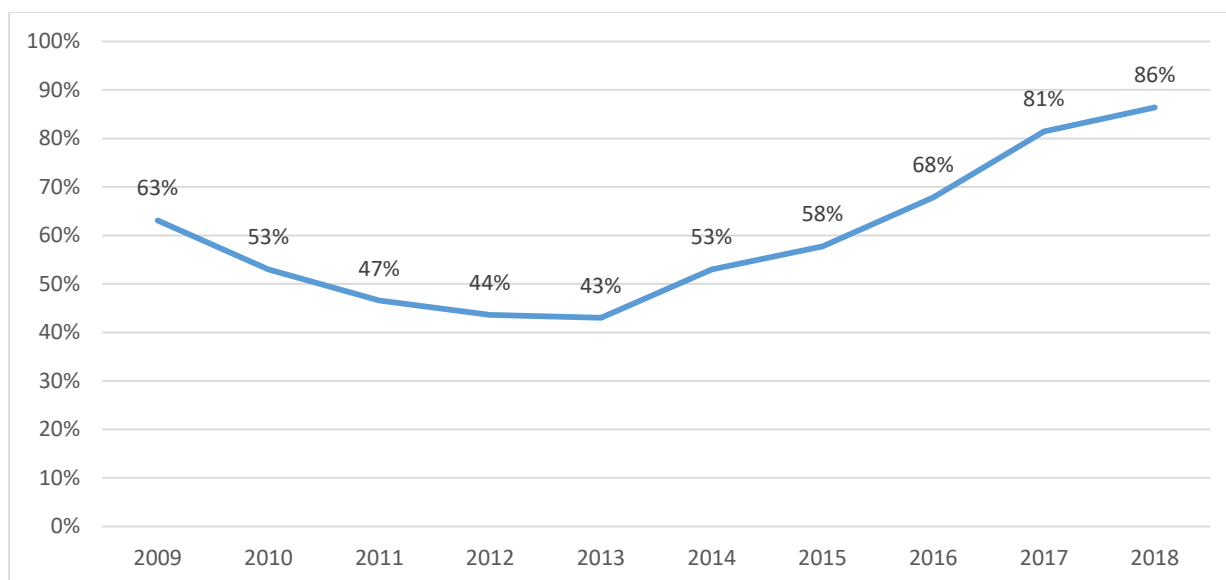
Source: MoFED

Annex 4: Fiscal Incentives to Special Economic Zones Investors

Special Initial Allowance	Special Initial allowance on capital equipment to be allowed at the rate of 50% of cost from year one and 25% in the subsequent two years.
Employees' Tax	Specialised expatriate staff will be taxed at a flat rate of 15%.
Non-Residents Withholding Tax on Fees	Exemption from Non-residents tax on Fees on services that are not locally available.

Non-Residents Withholding Tax on Royalties	Exemption from Non-residents tax on Royalties.
Non-Residents Withholding Tax on Dividends	Exemption from Non-residents tax on Dividends.
Customs Duty on Capital Equipment	Capital equipment for Special Economic Zones will be imported duty free.
Customs Duty on Raw Materials	Inputs which include raw materials and intermediate products imported for use by companies set up in the Special Economic Zones will be imported duty free. The duty exemption will, however, not apply where such raw materials are produced locally.

Annex 5: Debt Levels (% of GDP)



ANNEX 6: Mining Output

	2017	2018	2019	2020
Overall Mining Growth (%)	8.5	6.1	7.6	8.9
Black Granite \t	215	216	218	220
Chrome \t	1 500	1 700	2 000	2 100
Coal \t	3 500	4 500	5 000	6 200
Cobalt \t	450	500	520	550
Copper \t	9 336	9 500	9 700	10 100
Gold \kg	24 500	26 000	28 000	30 000
Graphite \t	7 200	8 250	8 300	9 000
Iridium \t	650	700	725	750
Nickel \t	17 700	17 800	18 560	20 500
Paladium \kg	12 400	12 400	12 800	13 500
Phosphate \t	28 600	28 886	29 175	9 000

Platinum \kg	15 500	15 500	16 000	17 000
Rhodium \kg	1 500	1 500	1 548	1 645
Ruthenium \kg	1 300	1 300	1 342	1 426
Diamonds\carats	2 500	3 500	4 500	5 600

Source: Ministry of Finance & Economic Development

Annex 7: Trade Performance

